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USDOC FOR TCC/4110
DEPT PASS USTR FOR HIRSH
STATE FOR EB/TPP/MTA (ECHO) AND EUR/SE
USDA FOR ITP/FAS/BERTSCH

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TAGS: [ECON](#) [ETRD](#) [CY](#)
SUBJECT: CYPRUS: TRADE AGREEMENT COMPLIANCE AND MONITORING

REF: STATE 152063

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11. (U) Answers below are keyed to reftel questions.

12. (U) Q1: Description of how Post is organized to monitor (trade) agreements and respond to foreign trade barrier complaints:

Embassy Nicosia does not have a Foreign Commercial Service (FCS) or Foreign Agricultural Service (FAS) office. Our commercial work, including trade agreement compliance and monitoring, is done through our Economic and Commercial Office, which falls under the Department of State. One American FSO supervises two FSNs in the Commercial Office and one FSN in the Economic Office. Our FSO and FSNs are in regular contact with business and economic circles on the island, helping resolve trade issues and to report on developments that might affect negatively bilateral trade relations. Being a Partner Post with the FCS office in Embassy Athens, our office often draws upon FCS Athens for training, advice and guidance.

13. (U) Q2: Name of Contact Person at Post to coordinate periodic compliance reporting, field general compliance inquiries, and ensure complaints are reported promptly to relevant Washington agencies:

Michael S. Dixon
Economic, Commercial, and EXBS Officer
American Embassy
Metochiou and Ploutarchou Streets
P.O.Box 24536
CY-1385 Nicosia
CYPRUS
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E-mail: DixonMS@state.gov
Website: <http://cyprus.usembassy.gov>

14. (SBU) Q3: Description of complaint response activities at Post including examples of recent compliance successes and ongoing compliance issues:

Cyprus does not have a bilateral trade treaty with the United States. Since Cypriot Independence in 1960, Cyprus and the United States have signed several agreements on various other issues, including an exchange of notes relating to investment guarantees (1963); a customs cooperation agreement (1987); environmental

cooperation on the GLOBE program (1998); a double tax avoidance treaty (1984); mutual legal assistance in criminal matters (1999 revised 2006); and an agreement against WMD proliferation by sea. Cyprus has also "inherited" several dated agreements signed between the United Kingdom and the United States prior to 1960, such as an arrangement relating to pilot licenses to operate civil aircraft (1935); an economic cooperation agreement (1948); and a declaration for reciprocal protection of trademarks (1877). In effect, the legal framework defining trade and investment issues between Cyprus and the United States depends mostly on multilateral agreements, such as the WTO and U.S.-EU agreements, rather than bilateral treaties.

Post is not aware of any cases of non-compliance with any trade or investment treaties. Post did raise concerns with the GoC and Cypriot House of Representatives last year over a proposed law on products containing biotech content that appeared to be inconsistent with the EU Acquis and may have violated Cyprus's WTO obligations. In the end, this bill was withdrawn. The trade complaints we receive periodically from U.S. companies concern mostly customs issues, such as detention of products by customs for procedural reasons. However, such problems usually arise due to Cypriot customs officers' strict (and sometime overly strict) interpretation of EU regulations, rather than violating any bilateral or multilateral customs agreement. As we do not have a resident U.S. Customs officer at Post, we often refer some of these issues to the U.S. Customs Offices in Rome and Athens.

Some of the issues that have been brought to our attention as barriers to trade and investment (although not necessarily outright violations of any trade agreement) include market access restrictions for U.S. pharmaceuticals, stricter regulations against biotechnology products, shortcomings in implementing IPR legislation, real property acquisition restrictions, investment restrictions in education and mass media, excise taxes on large automobile engines, and restrictions on registration of real estate companies. These issues are highlighted in our annual submission to USEU for inclusion in the National Trade Estimate Report (NTER) on the European Union. We regularly raise these issues with our GoC counterparts and have organized a series of seminars on IPR enforcement together with the Cyprus-American Business Association. Partly as a result of these seminars, the GoC has strengthened its IPR legislation and has established a dedicated IPR-unit in the Police. The level of CD, DVD, and software piracy, however, remains worryingly high.

U.S. firms trying to do business in Cyprus also encounter problems with standards and labeling issues, such as "CE" marking, or Greek labeling, but these are no different than anywhere else in the EU. In these situations we try to help the U.S. firms understand and comply with the regulations.

15. (SBU) Q4: Description of proactive monitoring efforts at Post:

In our regular contacts with the resident U.S. business community and local agents of U.S. companies we are constantly vigilant of issues that might hamper bilateral trade and investment. Our key function as liaison between U.S. business and the Government of Cyprus (GOC) often results in providing answers to questions and helping U.S. business navigate the bureaucracy. We work with the business community to follow planned legislative changes that may impact on U.S. interests such as IPR or biotech, and raise our concerns when appropriate.

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